

MACQUARIE STRUCTURED PRODUCTS ASIA LIMITED

MACQUARIE BULL ELI
PRODUCT BOOKLET



MACQUARIE

Product Booklet dated 20 November 2006

Product Booklet for Bull ELIs

offered by

MACQUARIE STRUCTURED PRODUCTS ASIA LIMITED

(incorporated as an international business company with limited liability in the British Virgin Islands)

unconditionally guaranteed by



MACQUARIE

MACQUARIE BANK LIMITED

(ABN 46 008 583 542)

(incorporated with limited liability in the Commonwealth of Australia)

Arranger

Macquarie Equities (Asia) Limited

Bull ELIs are not listed on any stock exchange. Bull ELIs are not capital protected investments and you may lose all, or a substantial part of, your investment.

The Securities and Futures Commission (the “SFC”) has authorised, subject to certain conditions, the issue of this Product Booklet under Section 105(1) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). SFC authorisation does not imply SFC’s endorsement or recommendation of the securities referred to in such document. The SFC takes no responsibility as to the contents of such document.

IMPORTANT

If you are in any doubt about this Product Booklet, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

This Product Booklet has been prepared for the purpose of giving information in respect of our offering of bull equity linked investments on single security ("**Bull ELIs**") under our programme for unlisted equity, index and other asset linked investments ("**ELI Programme**"). The offering of Bull ELIs is made pursuant to an Information Memorandum dated 20 November 2006 ("**Information Memorandum**"), the Financial Statements, this Product Booklet and the relevant term sheet ("**Term Sheet**") in respect of the particular series of Bull ELIs (together the "**Disclosure Documents**"). The offer of Bull ELIs is made solely on the basis of the Disclosure Documents.

You should ensure that you understand the nature of Bull ELIs and should carefully study the matters set out in each of the Disclosure Documents and consult professional advisors as to the suitability of Bull ELIs as an investment for your individual circumstances before you invest in any Bull ELI. You should consider whether Bull ELIs are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Bull ELIs are not suitable for inexperienced investors. Bull ELIs are not traded on any markets operated by Hong Kong Exchanges and Clearing Limited or any other stock exchange.

There are many different types of equity linked investment products in the Hong Kong market place, many of which have unique and/or distinctive features and not all such products guarantee any specific return on such products. There is no assurance on the return of a Bull ELI.

Capitalised terms not defined in this Product Booklet have the meanings given to them in the Information Memorandum and/or the relevant Term Sheet.

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OVERVIEW OF BULL ELIS

The information set out below is a summary of the principal features of Bull ELIs. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information appearing elsewhere in the Disclosure Documents.

Please refer to the section headed “What are the key terms of Bull ELIs?” for the meaning of the capitalized terms not defined in this section.

What are ELI Products? What are Bull ELIs?

“**ELI Products**” are equity, index or other asset linked investments which provide you with a number of investment options, providing the ability to tailor your investment to your investment profile and your view of the market.

Bull ELIs are not a managed investment. When you purchase a Bull ELI, you are agreeing to purchase the underlying Security from us at a future date at an agreed purchase price.

What amounts or assets are potentially payable or deliverable?

If you invest in a Bull ELI, you will receive at maturity certain number of the underlying Security called a “**Security Amount**”. The number of Securities deliverable depends on the performance of the underlying Security on a date shortly prior to maturity called the Fixing Date.

Under the Terms and Conditions for a Bull ELI, we may elect to settle the Bull ELI by the payment of a cash amount equivalent to the value of the Securities deliverable by reference to the Closing Price of the underlying Security on the Fixing Date.

Who may Bull ELIs suit?

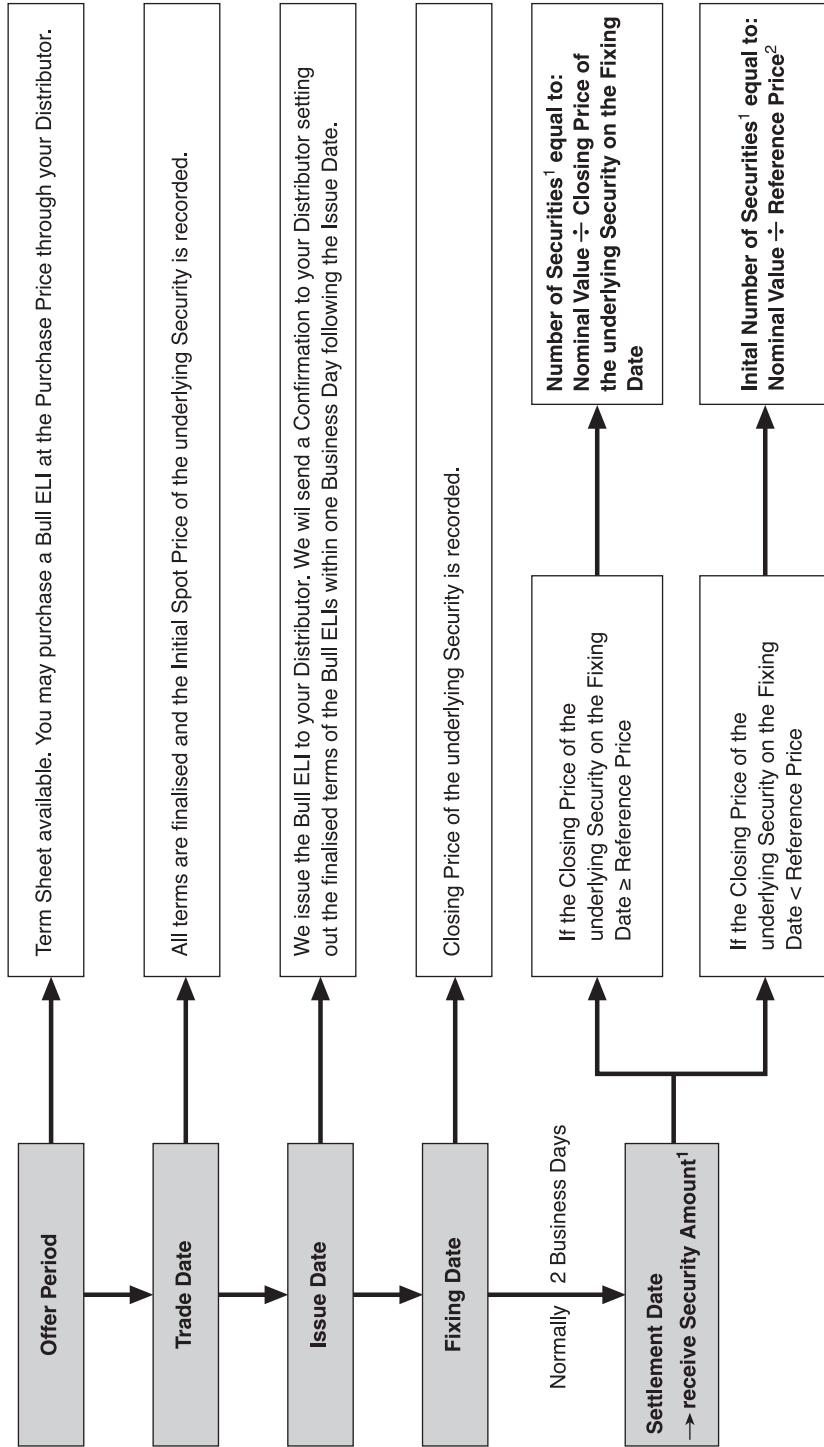
Bull ELIs may suit you if you:

- have a neutral to mildly positive outlook on a particular Security;
- would like the potential to earn higher returns and are prepared to take a higher level of risk for a part of your investment portfolio compared to direct holding of listed securities or regular cash deposits; and
- have experience in investing in equity linked investments and are looking for more tailored ways of investing in accordance with your market views.

Generally the maximum return is realised if the price of the underlying Security rises to or above the Reference Price on the Fixing Date.

When you invest in Bull ELIs for potentially higher returns, you must be prepared to take higher risks. You must read the section headed “Risk Factors” of the Information Memorandum which provides a description of the risks. You must also discuss those risks with your Distributor before you invest in any Bull ELI.

HOW DOES A BULL ELI WORK?



¹ We have discretion to settle the Bull ELI in cash by the payment of an amount equivalent to the value of the deliverable Securities.

² In extreme circumstances, you may lose all, or a significant proportion of, your initial investment.

WHAT ARE THE KEY TERMS OF BULL ELIS?

The commercial terms applicable to a Series of Bull ELIs will be set out in the Term Sheet for that Series. A form of the Term Sheet for Bull ELIs is set out in Appendix 2. The Terms and Conditions applicable to Bull ELIs are set out on pages 56 to 63 in our Information Memorandum.

During the Offer Period, you may obtain a copy of the Term Sheet at the Arranger's office at 19th Floor, Citic Tower, 1 Tim Mei Avenue Central, Hong Kong, from the Arranger's website at <http://www.eli.hk> (or such other website specified in the Term Sheet) or from a distributor whose name is available on the Arranger's website specified above (a "**Distributor**"). We will send a Confirmation to your Distributor setting out the finalised terms of the Bull ELIs within one Business Day following the Issue Date.

The application of key terms at different stages during the investment term of a Bull ELI illustrated in the section headed "How does a Bull ELI work?" is summarised below.

On or prior to the Issue Date	
Offer Period	You may purchase the Bull ELI at the Purchase Price during the Offer Period specified in the Term Sheet. The Offer Period may be changed by us at our sole discretion without prior notice.
Trade Date	This is the date on which all the terms applicable to the Bull ELI are finalised.
Issue Date	We will issue the Bull ELI on the Issue Date as specified in the Term Sheet.
Nominal Value	Each Bull ELI has a face value called the Nominal Value. The Nominal Value can be expressed as a fixed dollar amount in any currency, including without limitation Hong Kong Dollars, United States Dollars, Canadian Dollars, New Zealand Dollars, Australian Dollars, Sterling, euro, Japanese Yen and any other major currencies specified as the Settlement Currency in the Term Sheet (" Settlement Currency ").
Purchase Price	<p>The amount you pay for a Bull ELI at the time of your application is the Purchase Price. The Purchase Price of a Bull ELI may be set at a discount to the Nominal Value or may be equal to the Nominal Value. The Term Sheet will specify a Purchase Price Percentage.</p> <p>The Purchase Price is equal to:</p> $\text{Purchase Price Percentage} \times \text{the Nominal Value of the Bull ELI}$ <p>The Term Sheet may specify a minimum amount which you must apply for a particular Series of Bull ELIs ("Minimum Application Amount").</p>
Security	Return on a Bull ELI is linked to the Security specified in the Term Sheet. This is described as the underlying Security in this Product Booklet. You may select the underlying Security from a list of Securities available for the relevant Series set out in the Term Sheet.

Closing Price For a Security listed on The Stock Exchange of Hong Kong Limited (“SEHK”), its official closing price published by the SEHK on the relevant day. The Closing Price may be adjusted in certain circumstances, eg due to Market Disruption Event or other adjustment event as further described in the Term and Conditions of Bull ELIs.

Initial Spot Price It is the Closing Price of the underlying Security on the Trade Date or, in the case of a Bull ELI with a Fixed Reference Price, a market spot price of the underlying Security specified in the Term Sheet.

The Reference Price will be set by reference to its Initial Spot Price.

Reference Price The Reference Price will be specified in the Term Sheet, which is normally set at between 90% and 100% of the Initial Spot Price.

We may set the Reference Price by specifying:

- a percentage number called the “**Reference Price Percentage**” for the purposes of setting the Reference Price. In such case, the Reference Price is equal to:

Reference Price Percentage x Initial Spot Price (rounded to three decimal places, with 0.0005 being rounded up).

Your Distributors (being registered as the ELI holders of your Bull ELIs) will only be informed of the Reference Price in a Confirmation to be issued by us within one Business Day after the Issue Date. You will be committed to purchase the Bull ELI before the Reference Price is fixed; or

- a fixed dollar amount called the “**Fixed Reference Price**”. In such case, you will know the Reference Price at the time of your purchase of the Bull ELI.

At maturity

Security Amount You will receive on the Settlement Date:

- (i) if the Closing Price of the underlying Security on the Fixing Date is at or above its Reference Price, a number of the underlying Security calculated as follows (rounded down to 2 decimal places):

Number of Securities =

$$\frac{\text{Nominal Value}}{\text{Closing Price of the underlying Security on the Fixing Date}}$$

The higher the Closing Price, the fewer number of the underlying Security you will receive. But in any such case, the value of the Securities deliverable as of the Fixing Date (or their cash equivalent) will be equal to the Nominal Value which represents the maximum value you will be entitled to receive at maturity;

- (ii) if the Closing Price of the underlying Security on the Fixing Date is below its Reference Price, the Initial Number of Securities comprising the underlying Security calculated as follows (rounded down to 2 decimal places):

$$\text{Initial Number of Securities} = \frac{\text{Nominal Value}}{\text{Reference Price}}$$

In such case, you will be acquiring the underlying Security at a price higher than its Closing Price as of the Fixing Date. The lower the Closing Price of the underlying Security on the Fixing Date, the lower the value of the Initial Number of Securities deliverable (by reference to the Closing Price of the underlying Security on the Fixing Date). In such case, you may receive Securities with a value as of the Fixing Date substantially less than the Nominal Value.

Fixing Date

This is the date on which the Closing Price of the Security will be recorded to determine the Security Amount deliverable to you. The Fixing Date will be specified in the Term Sheet, provided that if any such day is not a Business Day, the Fixing Date will be postponed to the next Business Day, subject to the occurrence of a Market Disruption Event.

Settlement Date

This is the date on which the Security Amount (or its equivalent value in cash) will be delivered to your Distributor. The Settlement Date will be specified in the Term Sheet and will normally be set as 2 Business Days after the Fixing Date.

What if a fractional Security and/or odd lot Securities are deliverable?

If the Securities deliverable on the Settlement Date comprises any fractional security, the fractional security will be settled in cash by reference to the Closing Price of the underlying Security on the Fixing Date.

For settlement of a Bull ELI, we have a discretion to elect to settle in cash at the equivalent value of the Securities deliverable:

- (a) in respect of any odd lot (“**Odd Lot**”) only; or
- (b) in respect of the entire number of the Securities deliverable at maturity,

in each case, by reference to the Closing Price of the underlying Security on the Fixing Date.

Delivery of Securities or the cash payment

If delivery of Securities through the ELI holder settlement account is not reasonably practicable, we may deliver by whatever means we reasonably determine is the most practicable in the circumstances. See the Terms and Conditions for further details.

Unless otherwise specified in the relevant Term Sheet, scheduled dates for delivery of the Security Amount or payment of its equivalent value in cash must be a Business Day, being days (other than Saturdays, Sundays or public holidays) on which the banks are open for general business in Hong Kong and the SEHK is scheduled to open for trading. We will not pay any interest or amount for the delay in the payment of cash or delivery of Securities in such case. Scheduled dates for determination of the Closing Price of a Security must be a Business Day on which there is no Market Disruption Event. See the Terms and Conditions of Bull ELIs for the detailed meanings of these terms and for details about situations where we will determine the closing price of the underlying Security on the basis of our good faith estimate of the bid price of such Security.

INVESTING IN BULL ELIS

What Securities are available?

We intend to issue Bull ELIs from time to time over a wide range of securities (including unit trusts) listed on SEHK.

How to obtain information about the underlying Security?

If you would like to obtain information on any Security listed on SEHK or the entity issuing such securities (“**Listed Entity**”) to which a Bull ELI relates, such as the published audited consolidated financial results in respect of such Listed Entity, you may consider taking the following steps:

- consulting a financial adviser;
- viewing the website of the SEHK (<http://www.hkex.com.hk>);
- going to <http://www.hkex.com.hk/listing/hyperlink/hyperlist.htm> for the hyperlink to the Listed Entity’s website, if any. The Listed Entity may not always maintain a website and may change or add a new website. You should conduct such web searches as you deem appropriate and ensure that you are viewing the most up to date version of the Listed Entity’s website.

References to the websites above where further information may be obtained are intended as guides for you to access further public information on the Listed Entity(ies) and/or the Security(ies). Information appearing on such websites is not part of the Disclosure Documents. Neither we nor the Guarantor accepts any responsibility whatsoever that such other information, if available, is accurate and/or up-to-date, and no responsibility is accepted in relation to any such information by us, the Guarantor or our respective affiliates.

The relevant Term Sheet will indicate where you may obtain further information and historical price information of the Securities and/or the Listed Entity(ies).

What is the investment term of a Bull ELI?

The investment term of a Bull ELI generally ranges from one to six months. The term of the investment is set out in the Term Sheet for the relevant Series.

How is the Purchase Price Determined?

We set the Purchase Price Percentage based on a number of factors, including but not limited to the following factors:

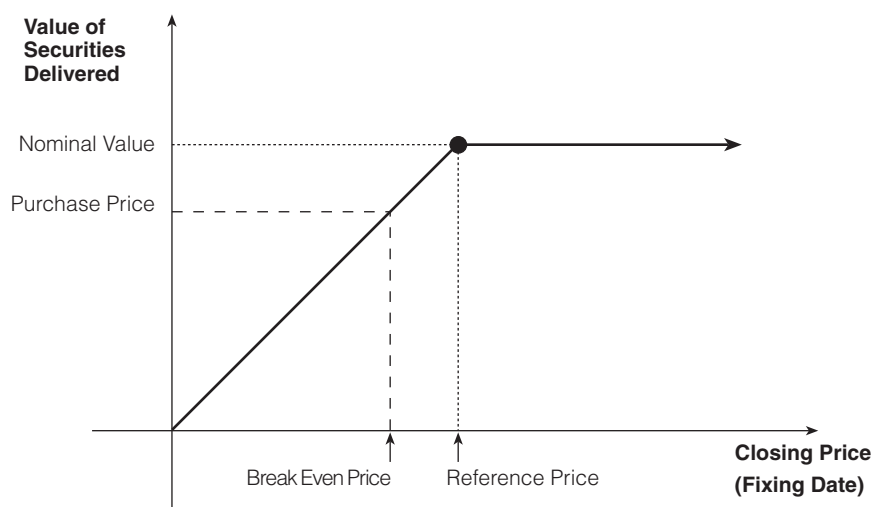
- The choice of the underlying Security, and particularly the expected price volatility of the underlying Security. In general, the higher the expected price volatility of the underlying Security, the lower the Purchase Price Percentage.
- The investment term of the particular Series of the Bull ELIs. In general, the longer the term, the lower the Purchase Price Percentage.
- The Reference Price applicable to the underlying Security. In general, the lower the Reference Price, the higher the Purchase Price Percentage.

What happens at expiry?

Your Distributor will receive on your behalf the Security Amount (or its cash equivalent) on the Settlement Date. We will send by e-mail a settlement statement on or shortly after the Settlement Date to your Distributor confirming the details relating to the settlement of your Bull ELI, including the Closing Price of the underlying Security on the Fixing Date and the number of Securities (or the cash equivalent) delivered.

Financial Pay-off at maturity for a Bull ELI

The following diagram shows the value of the underlying Security (as of the Fixing Date) delivered under a Bull ELI on the Settlement Date as a function of its Closing Price on the Fixing Date.



This diagram shows that the value of the underlying Security (as of the Fixing Date) delivered on the Settlement Date increases as its Closing Price increases towards the Reference Price and such value will not exceed the Nominal Value. You will suffer a loss if the Closing Price of the underlying Security on the Fixing Date is less than its break even price (see page 17 in Appendix 1 for the calculation of the break even price applicable to a Bull ELI).

If the Purchase Price is equal to the Nominal Value, the break even price will be the Reference Price.

HOW TO PURCHASE BULL ELIS?

You should contact one of the Distributors if you wish to invest in any Bull ELI. We will provide information about the identities and contact details of the Distributors through which Bull ELIs can be purchased, and such information may be found on the website operated by the Arranger at <http://www.eli.hk> (or such other website specified in the Term Sheet) or obtained upon request from the Arranger.

How do I apply for a Bull ELI?

If you wish to apply for a Bull ELI, you must submit your application to a Distributor, together with the Purchase Price for the Bull ELI prior to the close of the Offer Period for that Series in the specified Settlement Currency. Payment should be made to your Distributor in the manner in accordance with their normal operating procedures.

See the section headed "Procedures for Application" in our Information Memorandum for the details.

Do I need to pay any other fee for Bull ELIs?

You pay the Purchase Price for your Bull ELI to your Distributor at the time of your application and your Distributor will apply to the Arranger, acting on our behalf, for such Bull ELI for you. Whether at the time of application or thereafter, you do not pay any other amounts including fees on your Bull ELIs directly to us. We will bear all direct costs of the Bull ELIs, including the stamp duty payable by both you and us in respect of the transfer of Securities and any transaction levies that may be incurred at settlement.

We may pay commissions by way of a placement fee of up to 3% of the Nominal Value or such other amount specified in the Term Sheet to your Distributor.

Distributors will charge fees for the opening and operation of your cash account and investment account with them. You should check with your Distributor what fees will be chargeable. Fees may be charged in respect of individual transactions, on a periodic basis for safe custody and on the proceeds arising on the Settlement Date. The fees charged may vary among the Distributors. Any such fees payable will affect the return on your investment in the Bull ELIs.

RISK FACTORS

The information set out below is a summary of the risks applicable to Bull ELIs. This summary should be read in conjunction with the section headed "Risk Factors" in our Information Memorandum and the relevant Term Sheet.

General risk

Investing in Bull ELIs involves market risk. Changes in the price of the underlying Security can be unpredictable, sudden and large. Such changes may result in the price of the underlying Security moving adversely to your interest and negatively impacting upon your return on a Bull ELI.

Liquidity risk

Bull ELIs are not listed on any stock exchange. Unlike a direct holding in listed Securities, there will not be a liquid secondary market in Bull ELIs. Bull ELIs are types of investments that are intended to be held until maturity. Bull ELIs are not trading instruments and are not issued with a certificate of title. A Bull ELI is a contractual arrangement constituted by the Terms and Conditions (as may be amended from time to time), the relevant Term Sheet and an Application between us and your Distributor as the ELI holder and no certificate of title or similar instrument will be issued to either you or your Distributor. The benefit(s) of a Bull ELI cannot be transferred without our written consent. Accordingly, you may not be able to realise your investment in a Bull ELI before its maturity. If you do not intend to invest in a Bull ELI for the full investment term, you should not invest in the Bull ELI. You will not, except with our consent, be able to realise the value of your Bull ELI if, for example, your view on the underlying Security changes after your purchase of the Bull ELI. You must therefore realise that the inability to realise the value of a Bull ELI prior to maturity is a significant risk.

Upon your Distributor's request, we or an entity appointed by us may, but is not bound to, make a price at which we (or our affiliates) will cancel or purchase (as the case may be) a Bull ELI before its Settlement Date. There is no guarantee that such a price will be available, nor that it will be of any particular amount. As a result, you could incur significant losses by requesting a cancellation of a Bull ELI prior to the Settlement Date. If a price is made to cancel or purchase (as the case may be) a Bull ELI, the price we offer to cancel or purchase such Bull ELI will generally be affected by the market price of the underlying Security to which the Bull ELI relates more than any other single factor. Other factors that may be relevant in determining our offer price include:

- the expected price volatility of the Security;
- the expected dividends on the Security;
- interest rates; and
- time remaining to maturity of the Bull ELI.

Risk relating to hedging activities

We, the Guarantor and/or our affiliates may enter into hedging transactions in the market to enable us to fulfill our obligations under the Bull ELI. These transactions typically involve contracts for the purchase and/or sale of the underlying Security and the establishment of long and/or short positions in the underlying Security which may be constantly adjusted. The unwinding or adjustment of the positions in the underlying Security shortly before the Fixing Date may itself affect the Closing Price of the underlying Security on the Fixing Date, particularly if there is otherwise low trading volume in the underlying Security at that time. It is possible that this activity could push the Closing Price of the underlying Security down to a level below the Reference Price on the Fixing Date, resulting in the delivery of a Security Amount (or its cash equivalent) with a value less than the Purchase Price.

MORE INFORMATION ABOUT OUR BULL ELIS

Who is responsible for this Product Booklet?

We and the Guarantor accept full responsibility for the information contained in the Disclosure Documents and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief, the Disclosure Documents, when read together, will contain no untrue statement (including a statement which is misleading in the form and context in which it is included and including a material omission).

Where can I obtain the Disclosure Documents?

Hard copies of the Disclosure Documents may be obtained, free of charge, as follows:

- during the Offer Period of a particular Series of Bull ELIs: from any Distributor (whose contact details may be available on the website operated by the Arranger at <http://www.eli.hk> (or such other website specified in the Term Sheet)) during usual business hours on any weekdays (Saturdays, Sundays and public holidays excepted); and
- after the Offer Period of a particular Series of Bull ELIs and for so long as any Bull ELI of such Series remains outstanding: from Macquarie Equities (Asia) Limited at 19th Floor, CITIC Tower, 1 Tim Mei Avenue, Central Hong Kong during usual business hours on any weekdays (Saturdays, Sundays and public holidays excepted).

Such documents may also be downloaded at <http://www.eli.hk> (or such other website specified in the Term Sheet).

What is the governing law of Bull ELIs?

ELI Products (including Bull ELIs) are governed by the laws of Hong Kong. If you are in any doubt as to the application of the laws of Hong Kong, you should consult your solicitor and other professional advisers.

References to websites

References in this Product Booklet to websites where further information may be obtained are intended as guides as to where further public information on us, the Guarantor, the Bull ELIs, the underlying Security or the Listed Entity may be obtained. Information appearing on these websites (other than the electronic versions of the Disclosure Documents appearing on the website(s) operated by the Arranger and/or the Distributors) does not form part of the Disclosure Documents. You should conduct such web searches as you deem appropriate and ensure you are viewing the most up-to-date information. Such information if available should not form the sole basis of your investment decision to purchase or deal in Bull ELIs.

References to “investors”, “you” and “ELI holders”

References in the Disclosure Documents to “investors” or to “you” are references to investors who have made an application for a Bull ELI through a Distributor, notwithstanding that the registered holder of a Bull ELI is the Distributor or a nominee company utilised by that Distributor.

References in the Disclosure Documents to the term “ELI holder” mean the Distributor or a nominee company utilised by the Distributor as the registered holder of a Bull ELI.

This is not a prospectus

None of the Disclosure Documents constitute a prospectus under the Companies Ordinance (Cap. 32, Laws of Hong Kong). We have not and do not intend to lodge or register the Disclosure Documents under the securities laws of any jurisdiction outside Hong Kong. Investors in those jurisdictions are required to inform themselves of, and observe, any applicable restrictions in making applications for any Bull ELI.

APPENDIX 1 – HYPOTHETICAL EXAMPLES OF FINANCIAL RETURN FOR BULL ELIS

The examples in this section below are for illustration purposes only and do not take into account any fees or charges payable by an investor. This is neither guaranteed nor based on past performance. The actual financial return or loss may be different.

Security:	Shares of China Life Insurance Company Limited (“China Life Shares”).
Board Lot:	1,000.
Nominal Value:	HK\$100,000.
Purchase Price Percentage:	98.82% of the Nominal Value.
Trade Date:	20 November 2006.
Issue Date:	20 November 2006.
Settlement Date:	2 Business Days after the Fixing Date (5 January 2007).
Settlement Currency:	Hong Kong Dollars.
Fixing Date:	3 January 2007.
Reference Price:	HK\$14.415.
Reference Price Percentage:	93% of the Initial Spot Price.
Initial Spot Price:	HK\$15.50.
Break even price:	HK\$14.245.
Minimum Application Amount:	HK\$100,000 per Bull ELI and thereafter in increments of HK\$10,000.
Initial Number of Securities:	6,937.21, being such number of the Securities equal to the Nominal Value divided by the Reference Price (rounded down to the nearest two decimal places).

Termination of a Bull ELI at maturity

At maturity, the return of the Bull ELI will be based on the Closing Price of China Life Shares on the Fixing Date.

- (a) If the Closing Price of China Life Shares on the Fixing Date is at or above the Reference Price (in the example, HK\$14.415), you will receive a number of China Life Shares equal to (rounded down to 2 decimal places):

$$\text{Number of China Life Shares} = \frac{\text{Nominal Value (i.e. HK\$100,000)}}{\text{Closing Price of China Life Shares on the Fixing Date}}$$

The Closing Price of China Life Shares on the Fixing Date will determine how many China Life Shares you may receive. For example, if the Closing Price of China Life Shares is HK\$15.30, you will be entitled to 6,535.94 China Life Shares (being HK\$100,000 divided by HK\$15.30). The value of 6,535.94 China Life Shares as of the Fixing Date represents the maximum value you will be entitled to receive at maturity.

- (b) If the Closing Price of China Life Shares on the Fixing Date is below the Reference Price, the Initial Number of Securities calculated as follows (rounded down to 2 decimal places):

$$\text{Initial Number of Securities} = \frac{\text{Nominal Value (i.e. HK\$100,000)}}{\text{Reference Price}}$$

The Reference Price will determine how many China Life Shares you actually receive by reference to the Nominal Value. In the above example, the Reference Price is HK\$14.415 and the Initial Number of Securities is 6,937.21 China Life Shares (being HK\$100,000 divided by HK\$14.415).

Accordingly, where the Closing Price of China Life Shares is below the Reference Price on the Fixing Date, you will receive on the Settlement Date China Life Shares with a total value (as of the Fixing Date) less than the Nominal Value. You may, therefore, suffer a loss in these circumstances. You will suffer a loss if the Closing Price of China Life Shares on the Fixing Date is below the break even price. The manner in which you may determine the break even price is set out below.

In each of the above case, we may, in our sole and absolute discretion, elect that in lieu of procuring delivery of China Life Shares, pay the cash equivalent of China Life Shares deliverable on the Settlement Date. In respect of any Odd Lot, we may pay the cash equivalent of the Odd Lot in accordance with the Terms and Conditions or physically deliver the Odd Lot provided that any fractional security of such Odd Lot will be settled in cash by reference to the Closing Price of China Life Shares on the Fixing Date.

Break even price (ie if the Closing Price of China Life Shares on the Fixing Date is below the break even price, you will suffer a loss on the Bull ELI)

The break even price at maturity will be calculated as follows:

$$\text{Break even price} = \text{Reference Price} - \left(\frac{\text{Nominal Value} - \text{Purchase Price}}{\text{Initial Number of Securities}} \right)$$

In the above example, the break even price is HK\$14.245, calculated as follows:

$$\text{Break even price} = \text{HK\$14.415} - \left(\frac{\text{HK\$100,000} - \text{HK\$98,820}}{6,937.21} \right)$$

$$= \text{HK\$14.245 (rounded to the nearest three decimal places with 0.0005 rounded upwards)}$$

APPENDIX 2 – STANDARD FORMAT OF TERM SHEET FOR BULL ELIS OVER [LISTED SECURITIES]/[NEWLY LISTED SECURITIES#]

The English text of the Term Sheet template for Bull ELIs is set out below. Each Term Sheet covers one Series of Bull ELIs only.

We may issue more than one Series of Bull ELIs on any Issue Date. Each Series will cover only one type of Bull ELI. You must obtain the current Term Sheet before applying for a Bull ELI.

“This Term Sheet must be read in conjunction with an information memorandum dated 20 November 2006 (“Information Memorandum”), a product booklet for Bull ELIs dated 20 November 2006 (“Product Booklet”), any addendum to the Information Memorandum and/or the Product Booklet and the Financial Statement[s] of Macquarie Bank Limited (“Guarantor”) for the period ended [*insert date(s) of period to which the Financial Statements relate*][and for the six months ended [*insert date(s) of period to which the Financial Statements relate*]] (collectively the “Disclosure Documents”).

In this Term Sheet, capitalised terms have the meanings given in the Information Memorandum unless this Term Sheet specifies otherwise.

[As of the date of this Term Sheet, [[an addendum] [addenda] to [the Information Memorandum][and][the Product Booklet] dated [*insert date(s) of addendum/addenda*] [has] [have] been published (the [“Addendum”] [“Addenda”]).]] Prospective investors should read each Disclosure Document before deciding to invest in a Bull ELI. Copies of these documents are available from Macquarie Equities (Asia) Limited (“ME(A)L”) or the Distributors. A list of the Distributors and the relevant contact details can be found at [*insert website address*] or obtained upon request from ME(A)L.

Please refer to the paragraph headed “References to websites” on page 7 of the Information Memorandum for a warning on the content and a disclaimer relating to the usage of information contained in the website referred to above.



[# Newly listed Securities mean Securities with a trading history on the SEHK of less than 60 consecutive Business Days and having a minimum market capitalisation in public hands of HK\$10 billion as of the Issue Date.]

Macquarie Bull ELI Term Sheet

Series Number: [insert Series Number]

Trade Date: [insert Trade Date]

Issue Date: [insert Issue Date]

Minimum Application Amount: [[insert Minimum Application Amount] per Bull ELI and thereafter in increments of [insert amount of increments]]/[Not applicable]

Fixing Date: [insert Fixing Date] (or, if such date is not a Business Day, the following Business Day, subject to the occurrence of a Market Disruption Event)

Settlement Date: Expected to be [insert Settlement Date] (being [insert number of Business Days] Business Days after the Fixing Date)

Settlement Currency: [insert Settlement Currency]

[Foreign exchange rate for Settlement Currency: [insert determination method for foreign exchange rate]]

Initial Number of Securities: The Nominal Value ÷ the Reference Price (rounded down to the nearest 2 decimal places)

Applicable Terms and Conditions: The section headed “Terms and Conditions of Bull ELIs (Physical Delivery with Cash Settlement Option)” in the Information Memorandum (page 56 to page 63) applies to this Series

Underlying Security/ website	SEHK Code	Board Lot	Initial Spot Price (HK\$)	[Reference Price Percentage [(Note 1)]/ Fixed Reference Price (HK\$)]	Maximum Potential Return Percentage per annum*	Purchase Price Percentage (Note [1/2])	[Nominal Value ([insert currency])]	[SEC ID]
[insert shares of Listed Company/ units of Unit Trust][insert website address, if any]	[insert SEHK Code]	[insert Board Lot]	[Closing Price of the Security on the Trade Date]/[insert market spot price of the Security]	[insert Reference Price Percentage]/ [insert Fixed Reference Price]	[insert Maximum Potential Return Percentage]	[insert Purchase Price Percentage]	[insert Nominal Value]	[insert SEC ID]
[insert shares of Listed Company/ units of Unit Trust] [insert website address, if any]	[insert SEHK Code]	[insert Board Lot]	[Closing Price of the Security on the Trade Date]/[insert market spot price of the Security]	[insert Reference Price Percentage]/ [insert Fixed Reference Price]	[insert Maximum Potential Return Percentage]	[insert Purchase Price Percentage]	[insert Nominal Value]	[insert SEC ID]

[This Term Sheet is open for offer only until *[insert time]* [on *[insert date]*] [of today]/[of the Issue Date], subject to any change without prior notice.]

* The maximum potential return percentage reflects the potential maximum return on an annual basis for a Bull ELI. It is calculated on a simple basis and on the assumption that an ELI holder receives the Nominal Value at maturity (being the maximum amount the ELI holder may receive). **The maximum potential return percentage is inserted for illustration purposes only and is not an assurance or indication that the ELI holder will receive such return at maturity. Any event which reduces the amount received by the ELI holder at maturity will reduce the yield actually achieved by the ELI holder in respect of a Bull ELI.**

[Note 1: By reference to the Initial Spot Price]

[Note [1/2]: By reference to the Nominal Value]

Distributor offering on-line application

[Not applicable.] / [Prospective investors who have both a cash account and an investment account with the following Distributor(s) and have made the necessary arrangements to use its/their internet banking facilities, can invest in the Bull ELIs by making an on-line application at the website of the relevant Distributor(s) specified below:

Name of Distributor(s)	Website for on-line application
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[insert Name]

[insert Website]

Placement fees

We may pay commission by way of a placement fee of up to *[insert commission percentage]* of the Nominal Value of a Bull ELI to the Distributors.

Risk Factors

[Risks related to newly listed securities]

The securities of *[insert name(s) of newly Listed Entity(ies)]* were listed on the SEHK on *[insert date(s)]**[respectively]*. Prior to the listing of the securities, there had been no public market for the securities and an active public market for the securities may not develop or be sustained in the future. You will not be able to analyse or compare the trading history of the securities, particularly in relation to either the volatility or liquidity which may have an impact on the return on your investment.

Although the securities are listed on the SEHK, there is no guarantee that a trading market for the securities will develop or, if a market does develop, the liquidity of that market. Also, the price and trading volume of the securities may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for a security that has a longer trading history.]

[Risks related to ELIs over trusts]

Where the Listed Entity is a trust, neither we nor our affiliates have the ability to control or predict the actions of the manager and/or the trustee of such trust. The manager and/or the trustee are not involved in the offer of the ELI Products in any way and have no obligation to consider your interests in taking any action that might affect the value of the Securities and the ELI Products.

We have no role in the underlying assets of the trust(s) (“**Fund Assets**”). The manager is responsible for making strategic, investment and other trading decisions with respect to the management of the Fund Assets, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. The performance of the Fund Assets is significantly dependent upon the capabilities of the management team of the manager. The manner in which the Fund Assets are managed and the timing of such decisions will have a significant impact on the performance of the Fund Assets, and hence, on the performance of the Securities.

There is also a risk that the investment objectives and/or investment restrictions as set out in the constitutive documents of the Listed Entity are materially changed, not complied with or the method of calculating the net asset value of the Fund Assets is materially changed. Such changes will impact on the performance of the Fund Assets and on the Securities. The applicable laws and regulations governing the trust(s) may restrict the operations of the trust and restrict its ability to achieve the investment objectives of the trust(s).

In the event of a Termination (as defined in the Applicable Terms and Conditions) or the liquidation or dissolution of the trustee of the trust (including any successor trustee appointed from time to time) (in its capacity as trustee of the trust) or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the trust, we may, in our sole and absolute discretion, determine to adjust the Terms and Conditions of the relevant ELI Product to take into account of the occurrence of such event, including but not limited to the determination of the Closing Price. Upon the occurrence of such event, the assets of the Listed Entity may become worthless and the ELI Product may mature worthless, in which case, you may lose your entire initial investment.]

[Risks related to The Link Real Estate Investment Trust

The establishment of The Link Real Estate Investment Trust may be subject to judicial review or other form of legal challenge or proceedings. The trust deed constituting The Link Real Estate Investment Trust (as amended from time to time) contains provisions for the trustee and/or the manager of the Trust to consider termination of the trust in the case where such challenge were to result in an order by a court of competent jurisdiction materially and adversely affecting the validity of the establishment of the trust and/or the trust’s use or ownership of the properties underlying the trust. The trust can also be terminated for other reasons including, but without limitation, as a result of a resolution by the unitholders of the trust. In these circumstances, you may lose all, or a substantial part, of your investment.]

General risks

Investment in Bull ELIs involves substantial risks including market risk, liquidity risk, and the risk that we will be unable to satisfy our obligations under the Bull ELIs. Please see the sections headed “Risk Factors” in the Information Memorandum and the Product Booklet for Bull ELIs for further information. You should ensure that you understand the nature of all of these risks before making a decision to invest in a Bull ELI. You should consider carefully whether a Bull ELI is suitable for you in light of your experience, objectives, financial position and other relevant circumstances.

Liquidity Risk and non-transferability of Bull ELIs

Bull ELIs are not listed on any stock exchange. Unlike a direct holding in listed securities, there will not be a liquid secondary market in Bull ELIs. Bull ELIs are types of investments that are intended to be held until maturity. Bull ELIs are not a trading instrument and are not issued with a certificate of title. Bull ELIs are a contractual arrangement constituted by the Terms and Conditions (as may be amended by the applicable Product Booklet and/or the relevant Term Sheet), the relevant Term Sheet and an Application between us and the relevant Distributor as the ELI holder and no certificate of title or similar instrument will be issued to either ELI holders or investors. The benefit(s) of a Bull ELI cannot be transferred by an investor without our written consent. Accordingly, you may not be able to realise your investment in the ELI Product prior to the maturity date. If you do not intend to invest in a Bull ELI for its full term, you should not make an investment in the Bull ELI. You will not, except with our consent, be able to realise the value of a Bull ELI if, for example, your view on the Securities to which a particular Bull ELI relates changes after your purchase of the Bull ELI but before the Settlement Date. You must therefore realise that the inability to realise the value of a Bull ELI prior to maturity is a significant risk of investing in a Bull ELI.

On request from a Distributor (acting on your behalf), we, or an entity appointed by us may, but is not bound to, make a price at which it will cancel or purchase (as the case may be) a Bull ELI before its Settlement Date. There is no guarantee that such a price will be available, nor that it will be of any particular amount. As a result, you could incur significant losses by requesting a cancellation of a Bull ELI prior to the Settlement Date. If a price is made to cancel or purchase (as the case may be) a Bull ELI, the price that we will pay will generally be affected by the market price of the Securities to which the relevant Bull ELI relates more than any other single factor. Other factors that may be relevant in determining the price paid by us include:

- the expected price volatility of the Securities;
- the expected dividends on the Securities;
- interest rates; and
- time remaining to maturity of the Bull ELI.

Market Making Arrangement

ME(A)L does not currently intend to make a market in ELI Products.

You should recognise that your Bull ELIs may mature worthless

You must read the sections headed “Risk Factors” of the Information Memorandum and the Product Booklet for Bull ELIs, which provide a full description of the risks relating to investments in a Bull ELI.

You must also discuss your proposed investment with your Distributor. Such discussion should include, among other things, whether an investment in a Bull ELI is appropriate for your individual investment objectives. **Under the Code of Conduct for Persons Licensed by or Registered with the SFC, your Distributor is required to ensure the suitability of Bull ELIs for you is reasonable in all the circumstances when making a recommendation of any Bull ELI to you and to ensure that you understand the nature and risks of investing in Bull ELIs.**

The Securities/Listed Entities

The value of your investment in Bull ELI is linked to the value of the underlying Security. Accordingly, you should only invest in a Bull ELI over Securities which you wish to own or own more of. You should seek advice from your Distributor with regard to the Securities over which you choose to invest.

As the Securities are listed on the SEHK, the issuers of the Securities (“**Listed Entities**”) are each required under The Rules Governing the Listing of Securities on the SEHK to continuously disclose material information, including for example, information which would enable the public to appraise the Listed Entities position, information which is necessary to avoid the establishment of a false market in their securities and information which might reasonably be expected to materially affect market activity in the price of their securities.

Accordingly, certain information with regards to the Listed Entities may also be available from your Distributors and may also be available on the SEHK website ([\[http://www.hkex.com.hk\]](http://www.hkex.com.hk)). You may also obtain information on the Listed Entities on their respective websites (if any) specified above. You may obtain historic price information of securities in the Listed Entities on the website of the SEHK at [\[http://www.hkex.com.hk/invest/isc.htm\]](http://www.hkex.com.hk/invest/isc.htm).

References to websites

References to the websites stated in the above paragraph where further information may be obtained are intended as guides for you to access further public information on the Listed Entities. Information appearing on such websites is not part of the Disclosure Documents. We and the Guarantor accept no responsibility whatsoever that such other information, if available, is accurate and/or up-to-date, and no responsibility is accepted in relation to any such information by us, the Guarantor and our respective affiliates.

The offer of this Series of Bull ELIs is made solely on the basis of the information contained in the Disclosure Documents. Accordingly, you should exercise an appropriate degree of caution when assessing the value of other sources of information relating to us, the Guarantor, ELI Products or the Listed Entities.

The information contained in the Information Memorandum, the Financial Statements, the Product Booklet and any addendum to the Information Memorandum and/or the Product Booklet, except as amended by this Term Sheet, is deemed to be repeated on the date of issue of this Term Sheet. We and the Guarantor accept full responsibility for the information contained in the Disclosure Documents and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief, the Information Memorandum, the Product Booklet, any addendum to the Information Memorandum and/or the Product Booklet and the Financial Statement[s] of the Guarantor for the relevant period(s), when read together, will contain no untrue statement (including a statement which is misleading in the form and context in which it is included and including a material omission). If there is any conflict between the Information Memorandum, the Financial Statements, the Product Booklet and this Term Sheet, this Term Sheet shall prevail.

[If you invest in Bull ELIs for HK\$*[insert amount]* or more or other amount as determined by us from time to time, we may specify the Reference Price by reference to the market spot price of the Security and custom-make other terms for you. Please contact your [Distributor] for details.]

The Securities and Futures Commission (“**SFC**”) has authorised the issue of this Term Sheet based on the standard approved format submitted to it pursuant to section 105(1) of the Securities and Futures Ordinance. The SFC’s authorisation does not imply the SFC’s endorsement or recommendation of Bull ELIs referred to in this Term Sheet. The SFC takes no responsibility as to the contents of this Term Sheet.”

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